



LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: **SB 81** SLS 09RS 205
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: May 7, 2009	6:16 PM	Author: MORRELL
Dept./Agy.: Revenue		
Subject: Emergency Evacuation Expense Savings Account		Analyst: Travis McIlwain

TAX/INCOME/PERSONAL OR DECREASE GF RV See Note Page 1 of 1

Grants a refundable credit for 50 % of contributions made to an Emergency Evacuation Expense Savings Accounts for the benefit of certain individuals having a primary residence within a parish with a history of emergency evacuations, limited to Proposed legislation provides for a refundable tax credit for 50% of the deposits made in a tax year by an account holder to an Emergency Evacuation Expense Savings Account with a maximum account balance of \$5,000. The tax credit for contributions cannot exceed \$250 per tax year multiplied by the number of family members residing in the primary residence of the account holder. An account administrator is defined as a state or national bank, savings and loan association, or credit union.

Effective upon governor's signature.

EXPENDITURES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

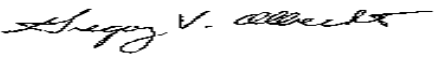
EXPENDITURE EXPLANATION

There may be some administrative expenditures associated with this measure to the Department of Revenue. This bill charges the Department of Revenue with determining who the qualified various account administrator of such accounts will be. It is speculative as to how many financial institutions will establish and administer such accounts, which according to the department is beyond their expertise and would require additional personnel with a financial institution background.

REVENUE EXPLANATION

Granting a tax credit for contributions to an Emergency Evacuation Expense Savings Account will decrease the state general fund receipts by an indeterminable amount. It is only speculative as to how many individuals would take advantage of such an account and its consequent credit. Initially, utilization is likely to be small as taxpayers learn about these accounts. A similar concept has existed with federal medical savings accounts (although these allow tax deductions not refundable tax credits), and familiarity with those accounts combined with the state’s recent experiences with insurance issues and natural disasters could make adoption of state level tax credit accounts for families more likely. Utilization of deduction accounts tends to be relatively low and is more likely when a comparable federal provision exists. However, this bill provides a 50% refundable tax credit. State revenue losses might be relatively small initially, but as this type of account becomes known and utilized, revenue losses could grow to be substantial.

According to data provided by the Department of Revenue, there has been a total of 34 parishes impacted by hurricanes or other emergencies since 2005. The total population estimate of those parishes is approximately 3.2 million individuals. Using a three family member household scenario, the potential pool of eligible households is over one million. If only 1% of these households opened these accounts (10,000) and contributed \$250 per family member (1/2 the implied maximum per family member), the state’s tax credit exposure would be \$3.75 million. Annual revenue losses would accumulate as these families contributed up to the maximum account balance over time (\$5,000), along with new program participants opening accounts each year.

Senate	Dual Referral Rules	House	
<input type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	 Gregory V. Albrecht Chief Economist
<input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	